



Britannia Invest Holding K/S

Frederiksberggade 16
1459 København K
CVR No. 42337862

Annual report 2023

The Annual General Meeting adopted the annual report on 16.05.2024

Frantz Palludan

Chairman of the General Meeting

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Entity details

Entity

Britannia Invest Holding K/S

Frederiksberggade 16

1459 København K

Business Registration No.: 42337862

Date of foundation: 20.04.2021

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

Komplementarselskabet Britannia Invest Holding ApS:

Board of Directors

Frantz Palludan, Chairman / Chairperson

Peter Olsson

Nikolaj Stampe

Torbjørn Lange

Komplementarselskabet Britannia Invest Holding ApS:

Executive Board

Michael Kjær Lauritsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Britannia Invest Holding K/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

København, 04.03.2024

On behalf of Komplementarselskabet Britannia Invest Holding ApS:
Executive Board

Michael Kjær Lauritsen

On behalf of Komplementarselskabet Britannia Invest Holding ApS:
Board of Directors

Frantz Palludan
Chairman / Chairperson

Peter Olsson

Nikolaj Stampe

Torbjørn Lange

Independent auditor's report

To the shareholders of Britannia Invest Holding K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Britannia Invest Holding K/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.03.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne32127

Mads Buch

State Authorised Public Accountant
Identification No (MNE) mne47793

Management commentary

Financial highlights

	2023	2022	2021
	GBP'000	GBP'000	GBP'000
Key figures			
Revenue	23,081	25,268	19,099
Gross profit/loss	(43,007)	(19,318)	15,795
Operating profit/loss	(43,426)	(19,652)	15,514
Net financials	(18,542)	(10,167)	(5,723)
Profit/loss for the year	(63,053)	(31,109)	8,487
Balance sheet total	387,991	469,229	500,777
Investments in property, plant and equipment	3,084	4,475	5,894
Equity	128,713	191,766	222,875
Ratios			
Gross margin (%)	(186.33)	(76.45)	82.70
Net margin (%)	(273.18)	(123.12)	44.44
Equity ratio (%)	33.17	40.87	44.51

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

The Company's mission is to invest in British commercial real estate, making Britannia Invest Group a Group with a clear investment profile intending to exploit the special investor-friendly practices in the British property market.

The key concepts of the investment strategy are security and quality. This applies to the identification of investment properties, including the quality, location, rate of return and growth potential of such properties, as well as requirements applicable to the tenants.

The Company intends to be a dynamic property company that constantly monitors opportunities in the portfolio of properties with a view to optimising the rate of return. This includes asset management and selling properties when this is considered profitable and reinvesting in new properties.

At year-end 2023 the portfolio consisted of the following assets:

- Temple Quay Bristol
- Whitehall II Leeds
- Optima Building Glasgow
- Citygate 1 Newcastle
- Talisman House Aberdeen
- 1 Finsbury Square London
- Quilter House Southampton
- Bridgewater House Manchester
- Mainpoint Edinburgh
- Acero Sheffield
- One Colmore Row Birmingham
- 1 City Square Leeds
- Corner Block Manchester

Development in activities and finances

2023 has proved to be another challenging year, principally founded from the combination of sustained interest rate rises and high energy prices. Although the rate of interest rate rises has started to slow there is little hope they will fall in the short term and energy prices remain significantly above previous years norms, despite slightly falling recently.

National and international politics continue to have a negative impact on the investment market. The war in Ukraine continues with no end in sight and more recently terrorist attacks in Israel have led to instability in Gaza and the surrounding regions. In the UK, political volatility has been reduced but the environment could not be described as stable, especially with a general election to be held within the next 12 months.

As property markets are linked to the cost of debt, confidence declined in the second half of 2022 with capital values falling in response to the reduced risk premium and this negative trend continued throughout 2023.

The property investment market continued the trajectory from 2022, with further fall in values and a subdued investment market. However, the letting market for centrally located and good quality space in well managed properties remained robust. Despite a 12,1% net write down of property values, Britannia Invest Group performed relatively well compared with the general office property market and in the face of significant headwinds several regears, and new lettings were secured during the year.

Total return for all property asset classes in the UK was -0.1% in 2023 according to MSCI. Returns for the main commercial asset classes were -11,9% for the office sector, 5,2% for industrial and 1,0% in retail. Capital growth was -5.6% overall, retail -5.6%, industrial 0.1% and -16.6% for offices making it the worst performing sector.

Britannia Invest Group realised a return on equity of -39% and a loss before tax of GBP 62.0m, including GBP -52.3m of net property revaluations.

The core business return is presented as “the basic primary rental business without balance sheet adjustments”.

Due to financial reporting requirements, “Revenue” and “Gross profit” in the income statement do not include financial expenses.

Britannia Invest Groups conventional way of showing the profit from primary operations is as follows:

	2023	2022
	GBP'000	GBP'000
Rental income and other income	23,081	25,268
Property costs UK	(10,896)	(10,760)
Financial costs	(18,766)	(10,372)
Profit from rental business	(6,581)	4,136
Profit from asset sales	(2,908)	0
Administration in DK	(228)	(140)
Administration UK	(109)	(129)
Profit/(loss) from primary operations	(9,826)	3,867

Rental income revenue from renting out office spaces decreased when comparing 2023 to 2022 due to a string of lease expires and the disposal of 76 and 80 Hammersmith Road. Property costs increased slightly but remained below budgeted levels of GBP 12.7m. Increased interest levels meant that finance costs have increased by c.81% even with the loan reducing by GBP 20m. No acquisitions were made in 2023 but two properties were disposed of. Despite market uncertainties continuing, it was still an active asset management year.

The portfolio had a net negative market revaluation of GBP 52.3m after investing GBP 3.1m in the portfolio over the year.

Overall borrowing has reduced to GBP 243m out of which the shareholder loan remains at GBP 230m and with an overall LTV is at 68% and while the LTV from external funding is only 7%.

The 2023 result after tax was a loss GBP 63.0m compared to a loss of GBP 31.1m in 2022. In the annual report for 2022, the expected loss after tax for 2023 was GBP 4.1m.

The rate of exchange of the British pound rose from 8.3845 to 8.5759 from 31 December 2022 to 31 December 2023.

The external valuer, Savills, has valued the portfolio at GBP 357.6m at year-end 2023, a like-for-like decrease of net. GBP 49.2m.

The balance sheet total decreased by 17,3%, from GBP 469.2m to GBP 388.0m. Equity decreased by GBP 63.1m from GBP 191.8m to GBP 128.7m. Return on equity was -39%, and the intrinsic share value decreased from 31 December 2022 to 31 December 2023 by 18% from 3.61 to 2.48.

Since 2003 the Company has been owned by shareholders who are subject to taxation under the Danish Pension Investment Return Tax Act. This means that the Company, being subject to the Pension Investment Return Tax Act, is not liable to pay tax in Denmark, and no tax expense on income earned in Denmark has been recognised in the annual report. However, in the UK, tax at a rate equivalent to 20% will be payable on profit on UK activities. Interest payments and tax depreciation on properties reduce the operating profit in the UK, and a tax payment of GBP 1.1m has been recognised.

The Board of Directors considers the result for the year very unsatisfactory.

Acquisition and disposal of properties

76 & 80 Hammersmith was disposed in June for a sales price of £50.5m. The payment is structured in two tranches with the second falling due in June 2025. In addition, contracts have been exchanged for sale of Talisman House with a completion plan for 28 February 2024. There were no acquisitions in the period.

Portfolio of properties

On 31 December 2023, the Company's portfolio of properties consists of 13 well-located office buildings geographically spread throughout the UK. 11 of which are freehold and 2 are leasehold.

The total area is 1,159,859 sq. ft., of which 190,967 sq. ft. is vacant at year-end. The vacant space in the portfolio has decreased from 288,867 sq. ft. in 2022.

Real lettable space can be reduced to 160,592 sq. ft. due to the fact that Temple Quay, Bristol is stripped out and not in a lettable condition during the refurbishment plan for the asset. Furthermore, out of the 160,592 sq. ft, 79,715 sq. ft. is in legals or an agreement for lease has been signed leaving a real vacancy of 80,877 sq.ft.

The total acquisition cost of the property portfolio is GBP 419.1m, and the contractual rent at year-end is GBP 25.1m, giving a return of 6,0% on the market value. At year-end total borrowing is GBP 243m, and over the year interest payments were GBP 18.77m, resulting in an interest cover of 131%. (Interest cover = Contractual revenue/Interest expenses)

Asset management

On the asset management side, 2023 was a satisfactory and active year.

In Citygate in Newcastle, a refurbishment of 16,479 sq. ft. was completed in August and c.50% of this space has been let to two tenants on a 3 and 5-year lease. The remaining space is in legals and when this concludes the building will be fully let again.

In Whitehall Quay, Leeds, a tenant took half a floor on 3-year lease and is already in negotiations to expand within the building.

In City Square, Leeds, a tenant took the fully fitted suite on ground floor. The suite was fully fitted after it had been taken back in a surrender deal with the previous tenant paying approximal three years rent to get out of the lease obligation.

In Bridgewater House, Manchester, a full floor of 20,000 sq.ft. has been refurbished and an existing tenant has signed a new 5-year lease. This will decrease their occupied area by c.50% sq. ft but they will remain in occupation of the full floor until the refurbishment is completed in 2024. In addition, a tenant has agreed to remove two break clauses, which secures their occupation for a further two years.

In Colmore Row, Birmingham, a tenant took a floor on a 10-year lease with a 5-year break. Three floors are being refurbished with planned completion in 2024.

In Finsbury Square, London, two floors totalling 12,966 sq.ft. were let on 5-year leases with one floor being delivered fully fitted in return for an increased rent. The tenant who took one of the floors additionally signed a further floor with lease commencement in February 2024. The last remaining floor is in legals and following the conclusion of this the building will be fully let again.

Over the year a total of GBP 3.1m was invested in the portfolio, but the net revaluation of portfolio of GBP -49.2m resulted in a gross negative revaluation of the portfolio by GBP -52.3m.

Valuation of the property portfolio

In accordance with company policy the entire portfolio of properties is valued at the end of each quarter, by an independent valuer appointed by the Company. Savills has carried out an independent valuation of the property portfolio and has valued the portfolio at GBP 357.6m as at 31 December 2023.

In the annual report, Management has valued the portfolio at GBP 357.6m. Management's valuation has been made on a going concern basis and builds on a detailed analysis of the individual properties. This includes an assessment of the state of the properties, their location, current and estimated level of rent, the tenants' covenant strength and offers received for some of the properties.

Profit/loss for the year in relation to expected developments

Britannia Invest Group loss after tax amounts to GBP 63,0m compared to a loss after tax of GBP 31.1m in 2022. In the annual report for 2022, a profit after tax of GBP 4,1m was expected for 2022.

Outlook

For 2024, Britannia Invest Group expects to generate a loss after tax of GBP 7.7m. Several regears with existing tenants are expected over the course of the year and having Citygate and Finsbury back to fully let combined with letting up of the newly refurbished space in Bridgewater House, Whitehall and City Square is expected to contribute positively to the fund performance.

Particular risks**Interest rate risks**

The Company finances its acquisition of properties through floating-rate loans. The shareholder loan is repayable in 2025, and the external credit facility expires in 2025. An average interest rate of approx. 8% is currently paid.

Currency risks

Properties owned by the Company are acquired in British pound sterling (GBP), and the operation of properties is also made in this currency. In order to hedge the currency risk involved in GBP, all borrowing is in GBP. At 31 December 2023, loans had a market value of GBP 243m corresponding to approx. 68% of the GBP 357.6m book value of properties.

As the Company's presentation currency is GBP, financial reporting is not materially affected by fluctuations in this currency. However, exchange rate adjustments are made to the Company's share capital, which is recorded in DKK, and to its activities in Denmark, which are insignificant.

Finance and liquidity risks

At year-end 2023, shareholder loans totalled GBP 230m with expiry in December 2025. Agreements have been entered into with the Company's credit institution for a GBP 40m credit facility, on which at year-end 2023 GBP 13m was drawn.

Events after the balance sheet date

GBP 25m Contract to develop Temple Quay has been signed.

Agreement for 15-year lease on 29.000 sq.ft. in Whitehall 2 has been signed.

Sale of Talisman House completed in February. Deal closed with sales price corresponding to the book value.

Consolidated income statement for 2023

	Notes	2023 GBP'000	2022 GBP'000
Revenue		23,081	25,268
Fair value adjustments of investment property		(55,192)	(33,825)
Property costs	2	(10,896)	(10,761)
Gross profit/loss		(43,007)	(19,318)
Administrative expenses	3	(419)	(334)
Operating profit/loss		(43,426)	(19,652)
Other financial income	5	222	205
Other financial expenses	6	(18,764)	(10,372)
Profit/loss before tax		(61,968)	(29,819)
Tax on profit/loss for the year	7	(1,085)	(1,290)
Profit/loss for the year	8	(63,053)	(31,109)

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 GBP'000	2022 GBP'000
Investment property		357,600	459,950
Property, plant and equipment	9	357,600	459,950
Other receivables		20,500	0
Financial assets	10	20,500	0
Fixed assets		378,100	459,950
Trade receivables		211	995
Other receivables		741	1,131
Tax receivable		1,478	1,163
Receivables		2,430	3,289
Cash		7,461	5,990
Current assets		9,891	9,279
Assets		387,991	469,229

Equity and liabilities

	Notes	2023 GBP'000	2022 GBP'000
Contributed capital		50,723	53,091
Retained earnings		77,990	138,675
Equity		128,713	191,766
Bank loans		13,000	0
Payables to owners and management		234,649	234,649
Other payables		1,704	1,600
Non-current liabilities other than provisions	11	249,353	236,249
Bank loans		0	33,000
Prepayments received from customers		5,318	4,401
Other payables		4,607	3,813
Current liabilities other than provisions		9,925	41,214
Liabilities other than provisions		259,278	277,463
Equity and liabilities		387,991	469,229
Events after the balance sheet date	1		
Staff costs	4		
Contingent liabilities	13		
Assets charged and collateral	14		
Transactions with related parties	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2023

	Contributed capital GBP'000	Retained earnings GBP'000	Total GBP'000
Equity beginning of year	53,091	138,675	191,766
Exchange rate adjustments	(2,368)	2,368	0
Profit/loss for the year	0	(63,053)	(63,053)
Equity end of year	50,723	77,990	128,713

Translated into DKK'000 at 31 December 2023:

- Contributed capital	445,150
- Retained earnings	658,681
- Total	1,103,830

The Group's contributed capital amounts to DKK 445,150,000 at 31 December 2023.

There have been no changes to the contributed capital during the year.

Consolidated cash flow statement for 2023

	Notes	2023 GBP'000	2022 GBP'000
Operating profit/loss		(43,426)	(19,652)
Adjustments of investment property		52,285	33,825
Working capital changes	12	(17,514)	1,577
Cash flow from ordinary operating activities		(8,655)	15,750
Financial income received		222	205
Financial expenses paid		(18,764)	(10,372)
Taxes refunded/(paid)		1,252	(3,589)
Cash flows from operating activities		(25,945)	1,994
Sale of property, plant and equipment		50,500	0
Additions etc. of property, plant and equipment		(3,084)	(4,476)
Cash flows from investing activities		47,416	(4,476)
Free cash flows generated from operations and investments before financing		21,471	(2,482)
Loans raised		3,000	0
Repayments of loans etc.		(23,000)	0
Cash flows from financing activities		(20,000)	0
Increase/decrease in cash and cash equivalents		1,471	(2,482)
Cash and cash equivalents beginning of year		5,990	8,472
Cash and cash equivalents end of year		7,461	5,990
Cash and cash equivalents at year-end are composed of:			
Cash		7,461	5,990
Cash and cash equivalents end of year		7,461	5,990

Notes to consolidated financial statements

1 Events after the balance sheet date

No significant events affecting the Financial statements for 2023 have occurred subsequent to the financial year.

2 Property costs

	2023 GBP'000	2022 GBP'000
Management fee	1,028	1,116
Other property costs from maintenance, etc.	9,868	9,644
	10,896	10,760

3 Administrative expenses

	2023 GBP'000	2022 GBP'000
Administrative expenses in Denmark	248	145
Administrative expenses in UK	109	129
Wages and Salaries	62	60
	419	334

4 Staff costs

	2023 GBP'000	2022 GBP'000
Wages and salaries	62	60
	62	60
Average number of full-time employees	1	1

	Remuneration of Management 2023 GBP'000	Remuneration of Management 2022 GBP'000
Total amount for management categories	62	60
	62	60

5 Other financial income

	2023 GBP'000	2022 GBP'000
Other financial income	222	205
	222	205

6 Other financial expenses

	2023	2022
	GBP'000	GBP'000
Financial expenses from participating interests	17,433	9,537
Other interest expenses	1,331	835
	18,764	10,372

7 Tax on profit/loss for the year

	2023	2022
	GBP'000	GBP'000
Current tax	2,069	1,290
Adjustment concerning previous years	(984)	0
	1,085	1,290

8 Proposed distribution of profit/loss

	2023	2022
	GBP'000	GBP'000
Retained earnings	(63,053)	(31,109)
	(63,053)	(31,109)

9 Property, plant and equipment

	Investment property GBP'000
Cost beginning of year	464,054
Additions	3,084
Disposals	(48,043)
Cost end of year	419,095
Fair value adjustments beginning of year	(4,103)
Fair value adjustments for the year	(52,285)
Reversal regarding disposals	(5,107)
Fair value adjustments end of year	(61,495)
Carrying amount end of year	357,600

The calculation of fair value is based on the following rates of return:

	31.12.2023	31.12.2022
	%	%
Weighted average capital income	6.27	5.85
Highest rate of return	28.32	18.50
Lowest rate of return	2.94	2.51

An increase of required rate of return by an average of 0.5 percentage points will reduce the total fair value by GBP 38,7m.

Management determined the fair value using the first year's rate of return model.

A valuer was involved in the calculation of the fair values of properties.

10 Financial assets

	Other receivables GBP'000
Additions	20,500
Cost end of year	20,500
Carrying amount end of year	20,500

Other receivables relates to receivable from the disposal of 76 and 80 Hammersmith Road. The receivable is to be received in 2025.

11 Non-current liabilities other than provisions

	Due after more than 12 months 2023 GBP'000	Outstanding after 5 years 2023 GBP'000
Bank loans	13,000	0
Payables to owners and management	234,649	0
Other payables	1,704	743
	249,353	743

12 Changes in working capital

	2023 GBP'000	2022 GBP'000
Increase/decrease in receivables	(19,327)	880
Increase/decrease in trade payables etc.	1,813	697
	(17,514)	1,577

13 Contingent liabilities

All of the Group's shareholders are liable to pay tax under the Danish Pension Investment Return Tax Act. As more than 90% of the Group's assets (measured as an average for the year) were in the form of real estate, the Group is not liable to taxation in Denmark under the Danish Corporation Tax Act. The tax liability lies with the individual shareholders.

However, the Group is jointly and severally liable for tax payable on taxable income from the Group in relation to each of the shareholders.

14 Assets charged and collateral

The Group has undrawn credit facilities of GBP 27m at credit institutions. Bank overdraft withdrawals are secured by way of properties of a carrying amount of GBP 169m in total.

15 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Britannia Invest A/S	Denmark	A/S	100.00

Parent income statement for 2023

	Notes	2023 GBP'000	2022 GBP'000
Administrative expenses		(18)	(6)
Operating profit/loss		(18)	(6)
Profit/loss before fair value adjustments and tax		(18)	(6)
Profit/loss for the year	2	(18)	(6)

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 GBP'000	2022 GBP'000
Investments in group enterprises		128,743	191,778
Financial assets	3	128,743	191,778
Fixed assets		128,743	191,778
Assets		128,743	191,778

Equity and liabilities

	Notes	2023 GBP'000	2022 GBP'000
Contributed capital		51,907	53,091
Reserve for net revaluation according to equity method		77,086	140,121
Retained earnings		(280)	(1,446)
Equity		128,713	191,766
Payables to group enterprises		17	0
Other payables		13	12
Current liabilities other than provisions		30	12
Liabilities other than provisions		30	12
Equity and liabilities		128,743	191,778

Events after the balance sheet date	1
Contingent liabilities	4
Related parties with controlling interest	5
Transactions with related parties	6

Parent statement of changes in equity for 2023

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
	GBP'000	GBP'000	GBP'000	GBP'000
Equity beginning of year	53,091	140,121	(1,446)	191,766
Exchange rate adjustments	(1,184)	0	1,184	0
Revaluation of the year	0	(63,035)	0	(63,035)
Profit/loss for the year	0	0	(18)	(18)
Equity end of year	51,907	77,086	(280)	128,713

Translated into DKK'000 at 31 December 2023:

- Contributed capital	445,150
- Revaluation reserve	661,082
- Retained earnings	(2,401)
- Total	1,103,830

The Parent company's contributed capital amounts to DKK 445,150,000 at 31 December 2023. There have been no changes to the contributed capital during the year.

Notes to parent financial statements

1 Events after the balance sheet date

No significant events affecting the Financial statements for 2023 have occurred subsequent to the financial year

2 Proposed distribution of profit and loss

	2023 GBP'000	2022 GBP'000
Retained earnings	(18)	(6)
	(18)	(6)

3 Financial assets

	Investments in group enterprises GBP'000
Cost beginning of year	51,657
Cost end of year	51,657
Revaluations beginning of year	140,121
Share of profit/loss for the year	(63,035)
Revaluations end of year	77,086
Carrying amount end of year	128,743

The fair value of investments in subsidiaries at 31 December 2023 is equivalent to the value of 100% of total equity at 31 December 2023 in the audited financial statements for Britannia Invest A/S.

It is assessed that total equity in Britannia Invest A/S is the most reliable indicator for the fair value of 100% of the shares. This method is applied as all material items in the balance sheet for Britannia Invest A/S at 31 December 2023 are measured at either fair value or at an amount corresponding to the fair value.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4 Contingent liabilities

All of the Company's shareholders are liable to pay tax under the Danish Pension Investment Return Tax Act. As more than 90% of the Company's assets (measured as an average for the year) were in the form of real estate, the Company is not liable to taxation in Denmark under the Danish Corporation Tax Act. The tax liability lies with the individual shareholders.

5 Related parties with controlling interest

There are no parties with controlling interest in Britannia Invest Holding K/S, but below parties have significant influence:

- Pension funds related to Pensionskassernes Administration A/S, Hellerup
- AP Pension, Copenhagen Ø
- Sampension Global Real Estate K/S, Hellerup
- The Management of Komplementarselskabet Britannia Invest Holding ApS (general partner), including the Executive Board and the Board of Directors hereof.

6 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the Group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue comprises of rental income from investment properties.

Fair value adjustments of investment property

Fair value adjustments of investment property comprise adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for Management and the Board of Directors

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses regarding liabilities related to the investment properties.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

As the parent company is a limited partnership (K/S), it is considered a tax-transparent entity. Consequently, taxation of the company's taxable income will occur at the level of the ultimate owners.

Balance sheet

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

An external valuer was involved in the calculation of the fair values of properties.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the fair-value method.

Fair value is determined as the pro rata share of net assets in the subsidiary.

The financial year's adjustments of the investments' fair value are recognised directly in equity.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.